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M'FARLANE STATES HE BRIEFED REAGAN ON CONTRAS OFTEN

REPORTED AID FROM STAFF

Tells Panel He Thought Many of the Activities Violated Congressional Curbs

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Special to The New York Times

WASHINGTON, May 13 — Robert C. McFarlane, President Reagan's former national security adviser, testified today that he had briefed Mr. Reagan "frequently" on what his staff was doing to help the rebels in Nicaragua.

Mr. McFarlane said many of the conversations with the President occurred when United States intelligence agencies were prohibited from giving any assistance to the contras. He said he considered many of the staff's activities to be violations of the law.

But he told the Congressional committees investigating the Iran-contra affair that the President "had a far more liberal interpretation of that than I did." [Excerpts, page A12.]

Conclusive Answer Lacking

Perhaps the central question of the investigation is what the President knew about the actions of his staff. A conclusive answer may not come for weeks, certainly not before Lieut. Col. Oliver L. North and Rear Adm. John M. Poindexter testify next month.

But Mr. McFarlane's testimony today was the first direct evidence that the President was kept current about what his staff was doing to help the contras. Mr. McFarlane said he told Mr. Reagan about the activities "dozens" of times. But he maintained the President never supported activities that were against the law.

Mr. McFarlane, who left government in December 1985, said nothing to dispute the President's position that he did not know proceeds from the sale of arms to Iran were being diverted to the contras. Mr. McFarlane repeated today that he only learned of the diversion of funds in May 1986, when Colonel North told him of it after their secret trip to Iran. Mr. McFarlane said today that he had not informed Mr. Reagan of what Colonel North told him.

Aides Try to Shift Debate

Amid the testimony suggesting that Mr. Reagan was more deeply involved in aiding the contras than previously acknowledged, his aides are trying to shift the public debate to the question of whether the Congressional restrictions on such aid applied to the President and other White House officials. [News analysis, page A13.]

On another matter, Mr. McFarlane said Colonel North had a special relationship with William J. Casey, who was Director of Central Intelligence, and may have been working directly for Mr. Casey.

Mr. McFarlane also testified that Mr. Reagan had specifically approved the mining of Nicaragua's harbors by the Central Intelligence Agency in 1984. The proposal, Mr. McFarlane said, came from Mr. Casey.

At the White House today, Mr. Reagan, reacting to Mr. McFarlane's testimony on Tuesday, acknowledged that when he met with King Fahd of Saudi Arabia in 1985, the two of them discussed Saudi Arabia's aid to the contras. But Mr. Reagan said the King had brought the subject up.

The King "told me he was doing it and that he was going to increase the aid," Mr. Reagan told reporters at a White House photo session. He said "I expressed pleasure" that the King was doubling his aid, to \$2 million a month.

But the President insisted, "There was no solicitation that I know of of any kind."

During 1985 the United States was prohibited from aiding the contras, directly or indirectly, and the White House has insisted that the Saudi aid was a voluntary donation and did not result from a solicitation.

Mr. McFarlane's disclosures about how often he briefed the President came in pieces; several committee members had to ask questions before the picture became clear. Even then some questions remained unanswered.

Several legislators, including Senator Daniel K. Inouye, Democrat of Hawaii, and Representative Edward P. Boland, Democrat of Massachusetts, led Mr. McFarlane to say he had told the President what Colonel North was doing. But neither they nor their colleagues asked the witness precisely what the President had been told.

Senator James A. McClure, an Idaho Republican, allowed the witness to go on at length about the proper relationship between a President and Congress. Representative Jim Courter, a Republican from New Jersey, permitted a similar discussion of the threat to the United States posed by the Marxist Government in Nicaragua.

But some of the toughest questions also came from Republicans, especially from Senator Warren B. Rudman of New Hampshire.

Mr. Rudman tried again to get Mr.

McFarlane to say whether he had told Mr. Reagan about Colonel North's activities on behalf of the contras, asking, "Did you ever give the President any cause for alarm in his mind, as the President, that people who worked for him might be doing things that were proscribed by the Congress?"

"No, sir," Mr. McFarlane said. But then he added: "The President, in fact, would often provide his own views on that subject, generically. And there's no doubt in my mind that he had a far more liberal interpretation of that than I did, I think."

The questioning of Mr. McFarlane is to end Thursday. Then the committees will begin taking testimony from secondary witnesses to set the stage for the appearances of Colonel North and Admiral Poindexter next month.

Mr. Boland, the sponsor of the legislation restricting aid to the contras, pressed the witness about whether the Administration had violated those laws. Mr. McFarlane acknowledged that it had on several occasions.

Then Mr. Courter gave Mr. McFarlane an opportunity to take the position, held by many Reagan supporters, that the National Security Council was not covered by the Boland legislation.

Mr. McFarlane did not accept that view. It was his "common sense judgment," he said, "that whether or not a scholarly reading of the law might have exempted N.S.C. staff members, my own hearing of Congressional sentiment led me to conclude that the intent of Congress was that no one carry out activities proscribed by that act — no one in the Government."

During most of the day, Mr. McFarlane maintained the same soft, melancholy manner of speaking he had assumed in his first two days on the witness stand this week. But he lost his temper when Senator Rudman asked him why Congress had not been notified about an Administration attempt to use Drug Enforcement agents to pay bribes to free the American hostages in Lebanon.

"It is more than passing strange to me that we cannot aspire to a policy which is more effective to deal with terrorism," Mr. McFarlane responded sharply.

He spoke of tough measures taken by Israel to combat terrorists and asserted, "You can be goddamn sure if any Israeli's caught, he's going to have his Government going after the people who did it."

Senator Rudman seemed baffled by the outburst, which did not answer his question. A few minutes later, Mr. McFarlane apologized to Mr. Rudman "for my intemperance."